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109TH CONGRESS
1ST SESSION

H. R. 1398

To amend the Clean Air Act to require that, after the year 2010, all gasoline sold in the United States for motor vehicles contain not less than 10 percent ethanol and that all diesel fuel sold in the United States for motor vehicles contain not less than 5 percent biodiesel, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 17, 2005

Ms. KAPTUR introduced the following bill; which was referred to the Committee on Energy and Commerce

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A BILL

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Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS.

The Congress finds as follows:

(1) The over reliance of the United States on imported petroleum creates a major strategic vulner-

ability for the Nation, with nearly half of the energy supply of the United States dependent on foreign sources.

(2) From the economically damaging Arab oil embargoes of 1973–74 and 1979 to the recession precipitated by rising oil prices which began in 1999, to the stock market's instability in early 2005 due to the cost of imported oil at near record highs of $55 per barrel, the economic stability of the United States has too often been shaken by economic forces outside its borders.

(3) Increasing fuel prices have been a particular hardship on small, independent businesses particularly truckers and farmers, who have no choice but to pay ever-increasing fuel bills while absorbing these higher costs in today's economic environment.

(4) This Act would help shift America's dependence away from foreign petroleum as an energy source toward alternative, renewable, domestic agricultural sources. Its aim is to convert the current petroleum trade deficit to a trade balance by replacing foreign sources of supply with steady increases of biobased fuels through domestic production.

(5) Today, there are nearly 140,000,000 cars and 85,000,000 trucks on our highways. Of this

amount, approximately 3,300,000 cars and trucks already on our highways will run on 85 percent ethanol (E–85), and this number is increasing. For the 2005 model year, there are 20 different models of vehicles capable of running on E–85. Yet given this market, the alternative fuel is used less than 1 percent of the time given that of the more than 187,000 retail locations selling motor fuel in the United States, only 400 stations across 38 States sell E–85.

(6) Biodiesel production is also dramatically increasing, going from 5,000,000 gallons in 2001 to nearly 25,000,000 gallons in 2003. Daimler-Chrysler has also announced its intentions to initially fuel the Diesel Jeep Liberty with a 5 percent biodiesel blend, the first time a vehicle has been explicitly fueled with an alternative fuel as it rolls off the production line.

(7) Currently the United States annually consumes about 7,171,885,000 barrels of petroleum. (164,000,000,000 gallons of vehicle fuels and 5,600,00,000 gallons of heating oil.) In 2002, 62 percent of these fuels were imported, part of a total $358,200,000,000 trade deficit with the rest of the world. Since 1983, the United States importation of

petroleum and its derivatives has more than tripled, rising from 1,215,225,000 barrels in 1983 to 4,476,501,000 barrels in 2003.

(8) Further Strategic Petroleum Reserve policy should encourage domestic production to the greatest extent possible. Currently, the Strategic Petroleum Reserve holds 670,700,000 barrels (out of a potential 727,000,000 barrels), sufficient to cushion the United States from wild price swings for a period of 53 days. None of the fuel in this Reserve is bio-based. In fact, 92.2 percent of the Strategic Petroleum Reserve has been purchased from foreign sources—41.9 percent from Mexico, 24 percent from the United Kingdom, and over 20 percent from OPEC nations.

(9) Strategic Petroleum Reserve policy also should encourage the development of alternatives to the Nation's reliance on petroleum such as biomass fuels.

(10) As a first step in diversification, the Strategic Petroleum Reserve should exchange 2,100,000 barrels from our current reserves for 32,000,000 gallons of ethanol and biodiesel, which could comprise less than 2 percent of the United States market, but yield a doubling of ethanol products.

(11) The benefits of biofuels are as follows:

(A) ENERGY SECURITY.—

(i) Biofuels hold potential to address our dependence on foreign energy sources immediately. With agricultural surpluses, commodity prices have reached record lows; concurrently world petroleum prices have reached record highs and are expected to continue rising as global petroleum reserves are drawn down over the next 25 years. It also is clear that economic conditions are favorable to utilize domestic surpluses of biobased oils to enhance the Nation's energy security.

(ii) In the short term, biofuels can supply at least one-fifth of current United States fuel demand using existing technologies and capabilities. Additional plant research, newer processing and distribution technologies, and placing additional acres under cultivation can yield even greater results.

(iii) Biofuels can be used with existing petroleum infrastructure and conventional equipment.

(B) ECONOMIC SECURITY.—

(i) Continued dependence upon imported sources of oil means our Nation is strategically vulnerable to disruptions in our oil supply.

(ii) Renewable biofuels domestically produced directly replace imported oil.

(iii) Increased use of renewable biofuels would result in significant economic benefits to rural and urban areas and also reduce the trade deficit.

(iv) According to the Department of Agriculture, a sustained annual market of 100,000,000 gallons of biodiesel alone would result in $170,000,000 in increased income to farmers.

(v) Farmer-owned biofuels production has already resulted in improved income for farmers, as evidenced by the experience with State-supported rural development efforts in Minnesota where prices to corn producers have been increased by $1.00 per bushel. With the Department of Agriculture having forecast prices of $2.10 per bushel of corn for the 2004–2005 mar-

keting year, the portion of the corn crop that goes for ethanol has a farm value of $2,100,000,000.

(C) ENVIRONMENTAL SECURITY.—

(i) The use of grain-based ethanol reduces greenhouse gas emissions from 35 to 46 percent compared with conventional gasoline. Biomass ethanol provides an even greater reduction.

(ii) The American Lung Association of Metropolitan Chicago credits ethanol-blended reformulated gasoline with reducing smog-forming emissions by 25 percent since 1990.

(iii) Ethanol reduces tailpipe carbon monoxide emissions by as much as 30 percent.

(iv) Ethanol reduces exhaust volatile organic compounds emissions by 12 percent.

(v) Ethanol reduces toxic emissions by 30 percent.

(vi) Ethanol reduces particulate emissions, especially fine-particulates that pose

a health threat to children, senior citizens, and those with respiratory ailments.

(vii) Biodiesel contains no sulfur or aromatics associated with air pollution.

(viii) The use of biodiesel provides a 78.5 percent reduction in CO_2 emissions compared to petroleum diesel and when burned in a conventional engine provides a substantial reduction of unburned hydrocarbons, carbon monoxide, and particulate matter.

SEC. 2. ETHANOL AND BIODIESEL FUEL REQUIREMENTS.

Section 211 of the Clean Air Act (42 U.S.C. 7545) is amended as follows:

(1) By redesignating subsection (o) as subsection (q).

(2) By inserting after subsection (n) the following:

''(o) Renewable Fuel Program—

''(1) DEFINITIONS.—In this section:

''(A) ETHANOL.—The term 'ethanol' means ethanol derived from any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis, including dedicated energy crops and trees, wood and wood

residues, plants, grasses, agricultural residues, and fibers. The term includes ethanol derived from animal wastes, including poultry fats and poultry wastes, and other waste materials, or municipal solid waste.

''(B) BIODIESEL.—The term 'biodiesel'has the same meaning as when used in section 312(f) of the Energy Policy Act of 1992 (42 U.S.C. 13220(f)).

''(2) RENEWABLE FUEL PROGRAM.—Not later than 1 year after the enactment of this subsection, the Administrator shall promulgate regulations ensuring that, after December 31, 2010, all gasoline or diesel motor vehicle fuel sold or dispensed to consumers in the contiguous United States, on an annual average basis, contains not less than 10 percent ethanol, in the case of gasoline, and not less than 5 percent biodiesel, in the case of diesel fuel.''.

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